



MISSOURI CREDIT UNION ASSOCIATION

August 3, 2009

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
RE: Docket No. R-1364
(Implementation of CARD Act 2009)

Dear Secretary Johnson:

Credit unions are fortunate in that they did not participate in the consumer abuses regarding credit cards that prompted passage of the CARD Act of 2009. Credit unions do not have an issue with complying with the provisions of the CARD Act that relate specifically to credit card accounts.

However, sections of the Act applying to open-end credit plans do affect credit unions and will disadvantage credit union members. Credit unions, working with their members, often set up open-end credit plans because of the flexibility it provides to members in managing their credit and adding future loans.

It is common for members who live paycheck to paycheck, or have trouble managing their money, to request a payment plan that has funds deducted from their checking account or payroll direct deposit that is credited to their loan. In addition they may choose to have funds credited weekly, every two weeks, or twice a month. The CARD Act requirement that the account holder receive a 21-day notice prior to payment due dates (§ 106(b)) becomes problematic for the credit union when the member has requested anything other than monthly payments.

Credit unions are not averse to complying with a 21-day notice period. It's simply that when payment schedules occur more than monthly, we are not finding a reasonable solution that meets the intent of the law as stated in your request for comment on the interim final rule. Credit unions report to our association that there are considerable issues with data processors in complying with the new law. One of Missouri's smaller credit unions with \$19 million in assets has approximately 1,800 open-end loans that are not credit card accounts. Making the necessary changes to comply with the Act will mean additional expense that would be ongoing. There would be additional costs for multiple mailings including postage and staff time. As might be expected, if the credit union incurs additional costs to comply with the CARD Act, those increases will be passed on to our member consumers. We are also concerned that it will cause our members considerable confusion if they begin to receive multiple notices every month.

If credit unions adjust all open-end credit plans to only allow one payment per month, we have taken options away from consumers that help them better manage their money. We believe

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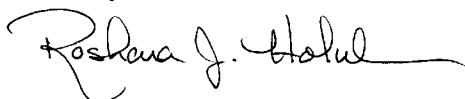
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that the intent of the CARD Act is to protect consumers and avoid confusing disclosures and abusive practices. We do not believe that the intent was to disadvantage members and increase their costs to access credit.

Understanding that the 21-day notice period is law, we ask that you reconsider how the intent is interpreted and provide alternative regulation for payment plans that include multiple payments in a single month. It appears that the intent of Congress was to impose the 21-day notice for accounts that are billed monthly. As an alternative, we would recommend that one payment in a month be considered the trigger for the 21-day notice and any additional payments made in the month be considered advance payments and not subject to a 21-day notice requirement. In addition, the August compliance date is extremely burdensome for credit unions since it will not provide the necessary time frame to make adjustments to data processing systems, regardless of how the 21-day notice is interpreted.

On behalf of Missouri's 1.3 million members and 148 credit unions, we appreciate the opportunity to comment on this issue. If we can assist with additional information on this issue, you may contact me at (314) 542-1333.

Sincerely,

A handwritten signature in black ink, reading "Roshara J. Holub". The signature is fluid and cursive, with a long horizontal line extending from the end.

Roshara J. Holub
President/CEO